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DEPARTMENT FOR PM/DDTC - BLUE LANTERN COORDINATOR

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E.O. 12958: N/A
TAGS: [ETTC](#) [RS](#) [KOMC](#)
SUBJECT: BLUE LANTERN LEVEL 3: COMPLETED PRE-LICENSE END-USE CHECK
ON LICENSE 05-050077022

REF: A. STATE 2021

[1](#)B. 07 MOSCOW 4189

[1](#)1. (U) Summary: Ref A requested a pre-license end-use check to confirm the bona fides of Barnaul Cartridge Plant, the foreign end-user on application 05-050077022. The commodities in question are 10.103000 components for ammunition (.224-.355 caliber) valued at USD 909,270.00. A Barnaul Cartridge Plant official with whom we met told us his company plans to use the ammunition components in this license to manufacture cartridges which will be re-exported to the United States. Barnaul Cartridge Plant has been doing business with U.S. companies for approximately 15 years. We confirm the bona fides of Barnaul Cartridge Plant as a reliable recipient of USML items. End Summary.

[1](#)2. (U) In a February 22 meeting Yuriy Belko, the Moscow Office Director of the Barnaul Cartridge Plant, confirmed to us his company's plans to re-export to the U.S. ammunition that will be purchased from Hornady Manufacturing Company under license 05-050077022. According to Belko, U.S. bullets are more accurate than anything made in Russia, but the other cartridge components, such as the case, gunpowder, and primer, can be manufactured in Russia much cheaper and of sufficient quality. His company plans to combine U.S. bullets with Russian-made cases, gunpowder, and primer to produce cartridges at one-third the cost of U.S.-made ammunition. These cartridges will then be sold in the United States.

[1](#)3. (U) Belko told us Barnaul Cartridge Plant was first established in 1941. His company has been doing business with U.S. companies for about 15 years. Barnaul Cartridge Plant has been working with Hornady Manufacturing Company for approximately 4 years.

[1](#)4. (U) Barnaul Cartridge Plant sells only to distributors and sporting goods stores; not to individual customers. It regularly sells its products to companies around the world. In Russia, this includes Kolchuga Limited, a company we last inspected on August 16, 2007 (ref B). In the U.S., Barnaul Cartridge Plant sells many of products to DKG Trading, Incorporated and Academy, Limited. It is primarily to these two companies that Barnaul Cartridge Plant intends to sell bullets under this license.

[1](#)5. (U) Belko told us Barnaul Cartridge Plant did not have any purchase orders for cartridges to be manufactured under this specific license. He instead showed us a contract his company signed with DKG Trading, Incorporated under which Barnaul Cartridge Plant will provide 305,823,700 rounds of ammunition. He said the 10,103,000 bullets ordered from Hornady Manufacturing Company will largely go toward fulfilling this contract.

[1](#)6. (U) Belko told us Barnaul Cartridge Plant was familiar with the restrictions governing the import of USML commodities, and in particular the prohibition of unauthorized re-export. We recommend

Barnaul Cartridge Plant as a reliable recipient of USML items.

BURNS